

**Bossier City Marshal  
Bossier City, Louisiana  
A Component Unit of the City of Bossier City, Louisiana  
Annual Financial Statements  
As of and For the Year Ended December 31, 2012**

Bossier City Marshal  
Bossier City, Louisiana

Table of Contents

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis	3 – 8
<b>Basic Financial Statements:</b>	
<i>Government–Wide Financial Statements:</i>	
Statement of Net Position	9
Statement of Activities	10
<i>Fund Financial Statements:</i>	
Balance Sheet – Government Funds	11
Reconciliation of Fund Balances on the Balance Sheet For Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Fiduciary Assets and Liabilities – Agency Funds	15
Notes to the Financial Statements	16 – 24
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures, Changes in Fund Balances – Budget and Actual (Cash Basis) – General Fund	25
Schedule of Revenues, Expenditures, Changes in Fund Balances – Budget and Actual (Cash Basis) – Probation Fund	26
Notes to Budgetary Comparison Schedules	27
<b>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b>	28 – 29
<b>Schedule of Prior Year Audit Findings</b>	30
<b>Schedule of Current Year Audit Findings</b>	30

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
A. EDWARD BALL, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

Bossier City Marshal  
City of Bossier City, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bossier City Marshal, a component unit of the City of Bossier City, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Bossier City Marshal's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bossier City Marshal as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages and 3 - 8 and on pages 25 - 27, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2013, on our consideration of Bossier City Marshal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bossier City Marshal's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
April 5, 2013

**BOSSIER CITY MARSHAL  
BOSSIER CITY, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*As management of the Bossier City Marshal, (hereafter referred to as the "Marshal") we offer the readers of the Marshal's financial statements this narrative overview and analysis of the financial activities of the Marshal as of and for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the Marshal's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.*

**FINANCIAL HIGHLIGHTS**

The Marshal experienced an increase in net assets of 9.33% \$63,937 during the fiscal year ended December 31, 2012 compared to an increase of 8.93% (\$56,193) during the prior year. As of December 31, 2012 the assets of the Marshal exceed its liabilities by \$749,122. Of this amount \$487,116 (65%) is reported as "unrestricted net assets" and represents the amount available to be used to meet the Marshal's ongoing obligations to the citizens of Bossier City, Louisiana.

Traffic fines revenue decreased \$72,182 during the year ended December 31, 2012.

Expenses decreased by \$128,114 or 33.96% for year ended December 31, 2012.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Marshal's basic financial statements. The Marshal's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) in addition to the basic financial statements. These components are described below:

***Basic Financial Statements***

*The basic financial statements include two kinds of financial statements that present different views of the Bossier City Marshal - the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail.*

## **Government-wide Financial Statements**

The government-wide financial statements provide a broad view of the Marshal's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Marshal's financial position, which assists users in assessing the Marshal's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid and include all assets and liabilities of the Marshal. The Marshal's financial statements contain only governmental activities. The government-wide financial statements include two statements:

- The *statement of net position* presents all of the Marshal's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Marshal's net position may serve as a useful indicator of whether the financial position of the Marshal is improving or deteriorating.
- The *statement of activities* presents information showing how the Marshal's net position changed during the most recent year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years. This statement also presents a comparison between the direct expenses and program revenues of the Marshal.

The government-wide financial statements can be found immediately following this discussion and analysis.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Marshal, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the Marshal's office, reporting the Marshal's operations in more detail than the government-wide statements. The funds of the Marshal are divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Marshal's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Marshal's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Marshal.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the Marshal's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Marshal has two governmental funds: the General Fund and the Probation Fund, each of which is considered a major fund for presentation purposes. That is, each major fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside of the Marshal. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Marshal's own programs. The accrual basis of accounting is used for fiduciary funds.

The Marshal has one fiduciary fund, the Garnishment Fund.

*The funds financial statements can be found immediately following the government-wide financial statements.*

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the funds financial statements.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund and the Probation fund as presented in the governmental fund financial statements. The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting policies (GAAP). Annual budgets are prepared on the cash basis of accounting.

## **FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES**

### ***Net Position***

Net Position may serve over time as a useful indicator of the Marshal's financial position. The Marshal's assets exceeded liabilities by \$749,122 as of December 31, 2012, compared to \$685,185 at the end of the previous year. The Marshal continues to maintain a high level of liquidity with \$348,550 (46.52% of unrestricted net position) held in cash and cash equivalents and \$100,852 (13.46% of unrestricted net position) invested in short-term time deposits with local financial institutions.

At December 31, 2012, \$227,727 (30.39%) of the Marshal's net position reflects investment in capital assets compared to \$314,655 (45.92%) for the prior year. The Marshal uses these capital assets to provide services to the citizens of Bossier City, Louisiana; consequently, these assets are not available for future spending.

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current assets	\$ 523,914	\$374,366
Capital assets, net of accumulated depreciation	<u>227,727</u>	<u>314,655</u>
Total assets	<u>751,641</u>	<u>689,021</u>
Current liabilities	<u>2,519</u>	<u>3,836</u>
Invested in capital assets	227,727	314,655
Restricted	34,279	38,297
Unrestricted	<u>487,116</u>	<u>332,233</u>
Total net assets	<u>\$ 749,122</u>	<u>\$685,185</u>

### ***Changes in Net Position***

The Marshal's net position increased by \$63,937 (9.33%) during the year ended December 31, 2012, compared to a increase in net position of \$56,193 (8.93%) during the prior year. This increase is primarily due to a decrease in public safety expenses of \$128,114 during year ended December 31, 2012.

During the year ended December 31, 2012, program revenues accounted for \$310,920 or 99.33% of total revenues compared to \$428,865 or 98.96% of total revenues during the prior year.



	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 301,700	\$ 402,359
Grants	9,220	26,506
General revenues:		
Interest	2,027	877
Other	50	3,625
Total revenues	<u>312,997</u>	<u>433,367</u>
Expenses:		
Public Safety	<u>249,060</u>	<u>377,174</u>
Increase in net position	63,937	56,193
Net position, beginning of year	<u>685,185</u>	<u>628,992</u>
Net position, end of year	<u>\$ 749,122</u>	<u>\$ 685,185</u>

Total revenues decreased \$120,370, or 28%, from total revenues in 2011 of \$433,367 to total revenues of \$312,997 in 2012. The main reason for the decrease is a reduction in fees collected from fines. Expenses decreased \$128,114, or 34%, from total expenses in 2011 of \$377,174 to total expenses of \$249,060 in 2012. The main reason for the decrease a reduction in amounts spent for law enforcement supplies, office expense, and salaries.

### **FINANCIAL ANALYSIS OF THE MARSHAL'S INDIVIDUAL FUNDS**

As noted earlier, the Marshal uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental Funds***

The focus of the Marshal's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Marshal's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Marshal's net resources available for spending at the end of the year.

As of the end of the current year, the Marshal's governmental funds reported ending fund balances totaling \$519,145, an increase of \$150,865 (40.96%) compared to the prior year. The ending fund balances are available for spending in the coming year.

The General Fund is the chief operating fund of the Marshal. The general fund's unassigned fund balance as of December 31, 2012, totaled \$484,866 compared to \$329,983 at the end of the prior year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Marshal complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S. 39:1301 et seq.).

The Marshal's budget was amended on December 12, 2012 because traffic fines revenue was less than originally budgeted and the amounts actually spent for law enforcement supplies, office expense, and salaries were less than originally budgeted.

Actual expenditures were \$33,163 less than the amount originally budgeted.

Revenues available for expenditure were \$112,856 more than the final budgeted amounts.

## **CAPITAL ASSET ADMINISTRATION**

### ***Capital Assets***

The Marshal's investment in capital assets for its governmental activities as of December 31, 2012, totaled \$871,409, net of accumulated depreciation of \$643,682, leaving a book value of \$227,727. This investment in capital assets consists of automobiles, law enforcement equipment, office equipment, and furniture and fixtures.

Major addition during 2012 included a 6 ton air conditioning unit to the building.

In terms of historical cost, the Marshal's investment in capital assets decreased \$86,928, about 27.62%, during 2012. Depreciation charges for the year totaled \$92,948.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following economic factors were considered when the budget for the fiscal year ended December 31, 2013 was prepared:

Revenues are expected to remain consistent with the prior year.

Expenses are expected to remain consistent with the prior year.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the finances of the Marshal and seeks to demonstrate the Marshal's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Lynn Austin, Bossier City Marshal, 620 Benton Road, Bossier City, Louisiana 71111, or by calling (318) 741-8835.

Bossier City Marshal  
A Component Unit of the City of Bossier City, Louisiana  
Statement of Net Position  
December 31, 2012

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 348,550
Investments	100,852
Accounts receivable	1,501
Prepaid expenses	2,250
Due from Bossier City	60,513
Due from City Court	10,248
Capital assets, net of accumulated depreciation	<u>227,727</u>
<b>Total assets</b>	<u><b>751,641</b></u>
<b>Liabilities</b>	
Accounts payable	<u>2,519</u>
<b>Total liabilities</b>	<u><b>2,519</b></u>
<b>Net Position</b>	
Invested in capital assets	227,727
Restricted for probation activities	34,279
Unrestricted	<u>487,116</u>
<b>Total net position</b>	<u><b>\$ 749,122</b></u>

*The notes to the financial statements are an integral part of this statement.*

Bossier City Marshal  
A Component Unit of the City of Bossier City, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2012

	Governmental Activities
Expenses	
Public safety	<u>\$ 249,060</u>
Program Revenues	
Charges for services:	
City Court - traffic fines	133,367
Commissions and fees	168,333
Operating grants and contributions	<u>9,220</u>
Total programs revenues	<u>310,920</u>
Net program revenues	<u>61,860</u>
General Revenues	
Interest income	2,027
Miscellaneous	<u>50</u>
Total general revenues	<u>2,077</u>
Change in net position	63,937
Net position - December 31, 2011	<u>685,185</u>
Net position - December 31, 2012	<u><u>\$ 749,122</u></u>

The notes to the financial statements are an integral part of this statement.

Bossier City Marshal  
A Component Unit of the City of Bossier City, Louisiana  
Balance Sheet  
Governmental Funds  
December 31, 2012

	General Fund	Probation Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 312,766	\$ 35,784	\$ 348,550
Investments	100,852		100,852
Accounts receivable	1,501		1,501
Due from Bossier City	60,513		60,513
Due from City Court	10,248		10,248
<i>Total assets</i>	<u>\$ 485,880</u>	<u>\$ 35,784</u>	<u>\$ 521,664</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,014	\$ 1,505	\$ 2,519
<b>Fund Balance</b>			
<i>Restricted for probation activities</i>		34,279	34,279
Unassigned	484,866		484,866
<i>Total fund balances</i>	<u>484,866</u>	<u>34,279</u>	<u>519,145</u>
<i>Total liabilities and fund balances</i>	<u>\$ 485,880</u>	<u>\$ 35,784</u>	<u>\$ 521,664</u>

The notes to the financial statements are an integral part of this statement.

Bossier City Marshal  
A Component Unit of the City of Bossier City, Louisiana  
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds  
to Net Position of Governmental Activities on the Statement of Net Position  
December 31, 2012

Fund Balances - Total Governmental Funds	\$	519,145
--	----	---------

Amounts reported for governmental activities in the statement  
of net position are different because:

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		2,250
--	--	-------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Add - capital assets		871,409
----------------------	--	---------

Deduct - accumulated depreciation		(643,682)
-----------------------------------	--	-----------

Net Position of Governmental Activities	\$	749,122
---	----	---------

The notes to the financial statements are an integral part of this statement.

Bossier City Marshal  
A Component Unit of the City of Bossier City, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2012

	General Fund	Probation Fund	Total
Revenues:			
City Court - traffic fines	\$ 133,367	\$	\$ 133,367
Commissions and fees	127,279	41,054	168,333
Intergovernmental - state grant	9,220		9,220
Interest income	1,969	58	2,027
Miscellaneous	50		50
Total revenues	<u>271,885</u>	<u>41,112</u>	<u>312,997</u>
Expenditures:			
Current - Public Safety			
Automobiles	106		106
Dues and publications	3,027		3,027
Law enforcement supplies	28,836		28,836
Office expense	26,778		26,778
Training	4,322		4,322
Travel, lodging, and meals	7,655		7,655
Public education	12,041		12,041
Other operating	73,217	130	73,347
Capital outlay	6,020		6,020
Total expenditures	<u>162,002</u>	<u>130</u>	<u>162,132</u>
Net changes in fund balances	<u>109,883</u>	<u>40,982</u>	<u>150,865</u>
Other financing sources (uses):			
Transfers in	45,000		45,000
Transfers out	<u>45,000</u>	<u>(45,000)</u>	<u>(45,000)</u>
Net changes in fund balance and other sources	154,883	(4,018)	150,865
Fund balances at beginning of year	<u>329,983</u>	<u>38,297</u>	<u>368,280</u>
Fund balances at end of year	<u>\$ 484,866</u>	<u>\$ 34,279</u>	<u>\$ 519,145</u>

The notes to the financial statements are an integral part of this statement.

Bossier City Marshal  
A Component Unit of the City of Bossier City, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2012

Net Change in Fund Balances - Governmental Funds	\$ 150,865
--	------------

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$92,948) exceeds capital outlays (\$6,020) in the current period.

(86,928)
----------

Change in Net Position of Governmental Activities
---

\$ 63,937
-----------

The notes to the financial statements are an integral part of this statement.



City Court of Bossier City  
A Component Unit of the City of Bossier City, Louisiana  
Statement of Fiduciary Assets and Liabilities  
*Agency Funds*  
December 31, 2012

	<u>Garnishment Fund</u>
Assets	
Cash and cash equivalents	<u>\$        25,194</u>
Total assets	<u><u>\$        25,194</u></u>
Liabilities	
Unsettled deposits	<u>\$        25,194</u>
Total liabilities	<u><u>\$        25,194</u></u>

The notes to the financial statements are an integral part of this statement.

Bossier City Marshal  
A Component of the City of Bossier City  
Notes to Financial Statements  
December 31, 2012

## INTRODUCTION

The Bossier City Marshal (the Marshal) is a separate organization within the City of Bossier City's (the City) organizational structure established in accordance with Louisiana Revised Statute 13:1879. The Marshal's office is funded by the City. The Marshal's departmental expenses, such as payroll and related costs, maintenance, utilities, etc., are paid by the City. These financial statements account for all activities of the Marshal's office not funded by the City.

The Marshal is the executor of City Court and, therefore, is responsible for executing the orders and mandates of the City Court.

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Marshal have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

#### B. REPORTING ENTITY

The Marshal is an independently elected official; however, the Marshal is fiscally dependent on the City. The City maintains and operates the city courthouse in which the Marshal's office is located and provides funds for equipment and furniture of the Marshal's office. Because the Marshal is fiscally dependent on the City, the Marshal was determined to be a component unit of the City, the financial reporting entity.

*The accompanying financial statements present information only on the funds maintained by the Marshal and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.*

#### C. FUND ACCOUNTING

The Marshal uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

(Continued)

Bossier City Marshal  
A Component of the City of Bossier City  
Notes to Financial Statements  
December 31, 2012  
(Continued)

Funds of the Marshal are classified into two categories: governmental funds and fiduciary (agency) funds. These funds are described as follows:

**Governmental Funds**

*Governmental funds account for all of the Marshal's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Marshal. The following are the Marshal's major governmental funds:*

*General Fund* – The General Fund is the general operating fund of the Marshal. The Marshal's share of court costs assessed by City Court as authorized by Louisiana Statute R.S. 13:1899C, collections of traffic fines, and collections of court-imposed fines remitted to City Court are all accounted for in this fund. General operating expenditures are paid from this fund.

*Special Revenue Fund* – This fund is established to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects. The Marshal's only special revenue fund is the Probation Fund.

*Probation Fund* – The Probation Fund is used to account for the collection of probation fees as ordered by City Court. These funds are used for equipment and other operational expenditures of the Marshal's office to defray the cost of the probation activity.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Marshal in a trustee capacity or as an agent for individuals, private organizations, other government units, and / or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting. The following is the Marshal's fiduciary fund:

*Garnishment Fund* – The Garnishment Fund is used to account for the collection and disbursement of garnishments of wages in accordance with the orders and writs of City Court. The Marshal receives a 6% commission for the executions of orders and writs of City Court as established by Louisiana Statute R.S. 33:1704.

(Continued)

Bossier City Marshal  
A Component of the City of Bossier City  
Notes to Financial Statements  
December 31, 2012  
(Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Marshal's operations.

The amounts reflected in the Governmental Funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Marshal considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

Revenues

Commissions and fees for services are recorded in the year in which they are earned. Interest income on time deposits is recorded when the time deposits have matured and the income is available. Substantially all other revenues are recorded when received by the Bossier City Marshal. Based on the above criteria, commissions and fees for services are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Capital outlays are reported at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted as other financing sources (uses) and are recognized when the underlying events occur.

(Continued)

Bossier City Marshal  
• A Component of the City of Bossier City  
Notes to Financial Statements  
December 31, 2012  
(Continued)

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Marshal as a whole. These statements include all non-fiduciary activities of the Marshal. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

*Program Revenues* – Program revenues included in the Statement of Activities consist of charges for services which are derived directly from fee for services, and operating grants and contributions. Program revenues reduce the cost of the function to be financed from the Marshal's general revenues.

E. CASH, CASH EQUIVALENTS, AND INVESTMENTS

*Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Time deposits with original maturities in excess of 90 days are recorded as investments. Investments are stated at cost, which approximates market value.*

The marshal's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Marshal may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. CAPITAL ASSETS

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Marshal maintains a threshold level of \$2,500 or more for capitalizing assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

Furniture and equipment	5 – 20 years
Vehicles	5 years

For fund financial statements, capital assets are recorded as expenditures in the governmental funds at the time purchased.

*No depreciation is recorded in the fund financial statements.*

(Continued)

Bossier City Marshal  
A Component of the City of Bossier City  
Notes to Financial Statements  
December 31, 2012  
(Continued)

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

H. NET POSITION

*Government-wide net position is divided into three components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the Marshal's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (less related liabilities and deferred inflows of resources). All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Marshal's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.*

I. FUND BALANCES

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the Bossier City Marshal (the Marshal's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the Bossier City Marshal removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the Marshal's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

*The Marshal's policy is to apply expenditures against restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.*

(Continued)

Bossier City Marshal  
A Component of the City of Bossier City  
Notes to Financial Statements  
December 31, 2012  
(Continued)

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

J. INTERFUND ACTIVITY

*Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.*

(2) NEW ACCOUNTING STANDARD

Effective January 1, 2012, the Marshal implemented the following GASB statement: GASB Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position.

(3) BUDGET

The Marshal adopts an annual budget for the General Fund and the Probation Fund. Through the budget, the Marshal allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the Marshal's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Marshal's performance.

*The budget is structured such that revenues are budgeted by source and appropriations are budgeted by principal type of expenditure. Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year end. The Marshal may revise or amend the budget at its discretion. Management may not amend the budget.*

The proposed budget for the December 31, 2012, fiscal year was made available for public inspection at the Marshal's office on December 12, 2011. The proposed budget is prepared on the cash basis of accounting which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP).

The Marshal amended the budget for the General (Contingency) Fund and the Probation fund on December 12, 2012.

(Continued)

Bossier City Marshal  
A Component of the City of Bossier City  
Notes to Financial Statements  
December 31, 2012  
(Continued)

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS

At December 31, 2012, the Marshal had cash, cash equivalents, and investments (book balances) totaling \$474,596 as follows:

A. Cash and cash equivalents:

Governmental Funds:	
General Fund	\$ 312,766
Probation Fund	<u>35,784</u>
Total Governmental Funds	348,550
 Fiduciary (Agency) Funds:	
Garnishment Fund	<u>25,194</u>
 Total – All Funds	<u>\$ 373,744</u>

B. Investments:

At December 31, 2012, the Marshal held certificates of deposit totaling \$100,852 in the General Fund that was classified as investments since their maturity was in excess of ninety days subsequent to their initial purchase. These certificates of deposit are carried at cost which approximates market value and are secured by federal deposit insurance. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955.

C. Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the government will not be able to recover its deposits. As of December 31, 2012, the government's bank balance of \$481,538 was protected by \$350,852 of FDIC insurance and \$29,974 of NCUSIF insurance, with the remaining \$100,712 protected and collateralized with pledged securities held by the custodial bank's trust department in the Bossier Marshal's name.

(5) ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31, 2012:

Service Fees	<u>\$ 1,501</u>
--------------	-----------------

The Marshal has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(Continued)



Bossier City Marshal  
A Component of the City of Bossier City  
Notes to Financial Statements  
December 31, 2012  
(Continued)

(6) DUE FROM BOSSIER CITY

The General Fund "Due from Bossier City" in the amount of \$60,513 at December 31, 2012, reports fines collected in December 2012 by the City of Bossier City not remitted to the Marshal until January 2013.

(7) DUE FROM CITY COURT

The General Fund "Due from City Court" in the amount of \$10,248 at December 31, 2012, reports fines collected in December 2012 by the City Court not remitted to the Marshal until January 2013.

(8) CAPITAL ASSETS

Changes in capital assets and depreciation for the year ended December 31, 2012, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 865,389	\$ 6,020	\$ -	\$ 871,409
Less accumulated depreciation:				
Furniture and equipment	( 550,734)	( 92,948)	-	( 643,682)
Net capital assets	<u>\$ 314,655</u>	<u>\$( 86,928)</u>	<u>\$ -</u>	<u>\$ 227,727</u>

Depreciation expense for the year ended December 31, 2012 was \$92,948 and was recorded in the public safety function.

(9) CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits follows:

	<u>Garnishment Fund</u>
Balance at beginning of year	\$ 25,686
Additions	361,686
Reductions	( 362,178)
Balance at end of year	<u>\$ 25,194</u>

(Continued)

Bossier City Marshal  
A Component of the City of Bossier City  
Notes to Financial Statements  
December 31, 2012  
(Continued)

(10) *EXPENDITURES OF THE MARSHAL PAID BY THE CITY*

The Marshal's administrative office is located in a building owned by the City. The costs of *maintaining and operating the building, as required by statute, are paid by the City and are not included in the accompanying financial statements.*

(11) *SUBSEQUENT EVENTS*

Subsequent events have been evaluated through April 5, 2013, the date the financial statements were available to be issued.

Bossier City Marshal  
A Component Unit of the City of Bossier City, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Cash Basis) - General Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
Revenues:				
City Court - traffic fines	\$ 210,000	\$ 125,000	\$ 137,573	\$ 12,573
Commissions and fees	45,000	56,500	152,503	96,003
Grant	1,500	5,000	9,871	4,871
Interest income	720	1,951	1,318	(633)
Miscellaneous		8	50	42
Total revenues	<u>257,220</u>	<u>188,459</u>	<u>301,315</u>	<u>112,856</u>
Expenditures:				
Current - Public Safety				
Automobiles	3,400	500	106	394
Dues and publications	10,000	3,500	3,027	473
Law enforcement supplies	49,500	37,700	29,062	8,638
Office expense	38,000	38,200	27,108	11,092
Training	6,000	5,000	4,322	678
Travel, lodging, and meals	26,000	14,600	7,656	6,944
Public education	6,000	12,500	12,042	458
Other operating	63,200	79,700	72,307	7,393
Capital outlay	42,000	6,100	9,007	(2,907)
Total expenditures	<u>244,100</u>	<u>197,800</u>	<u>164,637</u>	<u>33,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,120</u>	<u>(9,341)</u>	<u>136,678</u>	<u>146,019</u>
Other Financing Sources (Uses)				
Transfers in		45,000	45,000	
Total other financing sources (uses)		<u>45,000</u>	<u>45,000</u>	
Net changes in fund balances	13,120	35,659	181,678	146,019
Fund balances at beginning of year	<u>171,131</u>	<u>329,983</u>	<u>231,940</u>	<u>(98,043)</u>
Fund balances at end of year	<u>\$ 184,251</u>	<u>\$ 365,642</u>	<u>\$ 413,618</u>	<u>\$ 47,976</u>

See accompanying note to the required supplementary information.

Bossier City Marshal  
A Component Unit of the City of Bossier City, Louisiana  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Cash Basis) - Probation Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance-
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
Revenues:				
Commissions and fees	\$ 40,000	\$ 40,000	\$ 41,054	\$ 1,054
Interest income	100	50	58	8
Total revenues	<u>40,100</u>	<u>40,050</u>	<u>41,112</u>	<u>1,062</u>
Expenditures:				
Current - Public Safety				
Other operating	100	150	130	20
Total expenditures	<u>100</u>	<u>150</u>	<u>130</u>	<u>20</u>
Excess of revenues over expenditures	40,000	39,900	40,982	1,082
Other Financing Sources (Uses):				
Transfer to other funds	<u>(30,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	
Net Change in Fund Balance	10,000	(5,100)	(4,018)	1,082
Fund balance at beginning of year	<u>39,565</u>	<u>38,297</u>	<u>38,297</u>	
Fund balance at end of year	<u>\$ 49,565</u>	<u>\$ 33,197</u>	<u>\$ 34,279</u>	<u>\$ 1,082</u>

See accompanying note to the required supplementary information.

Bossier City Marshal  
A Component of the City of Bossier City  
Note to Required Supplementary Information  
December 31, 2012

The Budgetary Comparison Schedule- Budget to Actual (Cash Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis (cash basis) differ significantly from those used to present financial statements in conformity with GAAP (modified accrual basis), a reconciliation of resulting basis differences in the revenues in excess of (less than) expenditures between budgetary and GAAP presentations for the year ended December 31, 2012, is presented below:

	<u>General Fund</u>	<u>Probation Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budgetary basis)	\$ 181,678	\$ ( 4,018)
Adjustments:		
Revenue accruals – net	( 29,430)	–
Expenditure accruals – net	<u>2,635</u>	<u>–</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 154,883</u>	<u>\$ ( 4,018)</u>

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
A. EDWARD BALL, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

Bossier City Marshal  
Bossier City, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bossier City Marshal as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Bossier City Marshal's basic financial statements, and have issued our report thereon dated April 5, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bossier City Marshal's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bossier City Marshal's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bossier City Marshal's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bossier City Marshal's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
April 5, 2013

Bossier City Marshal  
Bossier City, Louisiana  
*Schedule For Louisiana Legislative Auditor*  
December 31, 2012

**Summary Schedule of Prior Audit Findings**

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2011.

**Current Year Audit Findings**

There are no current year findings or management letter comments for the year ended December 31, 2012.